

1
2 UNITED STATES DISTRICT COURT
3 FOR THE SOUTHERN DISTRICT OF NEW YORK

4 FASHION LEAF GARMENT CO.,)
5 LTD, and CTR HOLDINGS INC.,)
6 Plaintiffs,)

7 v.) Case No.
8) 19-cv-03381-ALC-BM

9 RINGER JEANS LLC, RINGER)
10 JEANS APPAREL LLC,)
11 RINGERJEANS LLC, NEW AGE)
12 BRANDING LLC, E-Z APPAREL,)
13 LLC, ESSENTIALS NEW YORK)
14 LLC, ESSENTIALS NEW YORK)
15 APPAREL, LLC, LIMITED)
16 FASHIONS LLC, GABRIEL)
17 ZEITOUNI and CHARLES AZRAK,)

18 Defendants.)

19 ANHUI GARMENTS IMPORT &)
20 EXPORT CO., LTD.,)

21 Intervenor Plaintiff,)

22 v.)

23 NEW AGE BRANDING LLC and)
24 LIMITED FASHIONS, LLC)

25 Intervenor Defendants.)

October 10, 2022
9:00 P.M.

26 CONTINUED REMOTE VIDEO DEPOSITION OF
27 ALEX ZHAO, being located in China, with all
28 participants appearing remotely via video, and
29 taken stenographically by Sandra Noel Bartels, a
30 stenographic reporter and Notary Public of the
31 State of New York.

A P P E A R A N C E S:

HOGAN & CASSELL
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BY: Kevin Nash, Esq.

ALSO PRESENT:
Jessica Ju, Court Certified Mandarin
Interpreter, Eiber Translations

Corey McMillan, Concierge, Veritext

1 ALEX ZHAO

2 J E S S I C A J U, was duly sworn to
3 interpret the questions from English
4 into Mandarin, and the answers from
5 Mandarin into English.

6 A L E X Z H A O, called as a
7 witness, having been duly sworn by a
8 Notary Public, was examined and
9 testified through the interpreter as
10 follows:

11 MR. NASH: Corey, did my office
12 send you a batch of purchase orders
13 today?

14 THE WITNESS: Yes, I received
15 them.

16 MR. NASH: Can we load them up?
17 Mike, did you get a copy? You sent
18 them to me, by the way.

19 MR. CASSELL: I did not get an
20 e-mail but assuming they are what I
21 sent to you, I have no objection.

22 MR. NASH: Did you get that
23 Vince?

24 MR. FILARDO: Yes.

25 MR. NASH: Corey, if you can load

ALEX ZHAO

those up, I would appreciate it.

Let's mark them in total as Exhibit
22.

(Exhibit 22 purchase orders
marked for identification.)

DIRECT EXAMINATION

BY MR. NASH:

Q. Before we load them on the
screen, Mr. Zhao, I'm going to ask you a
couple questions.

A. Okay.

Q. Are you familiar with the series
of purchase orders that your counsel sent
to me?

A. I believe so, because it's from
three years ago, right?

Q. Did you gather those purchase
orders yourself or did somebody gather
them for you?

A. Staff helped.

Q. Who on the staff helped?

A. I don't remember the people that
this PO was sent to.

Q. Now, are these all the purchase

1 ALEX ZHAO

2 orders you received from Ringer Jeans?

3 A. Right.

4 Q. And that's since the start of
5 your relationship through the end?

6 MR. CASSELL: Note my objection.

7 THE WITNESS: Yes.

8 BY MR. NASH:

9 Q. So is it fair to say that these
10 purchase orders cover materials and
11 shipments that were accepted by the
12 customers and rejected by the customers,
13 they cover all types of orders; is that
14 correct?

15 A. I don't know how many are
16 accepted versus rejected.

17 Q. Am I correct they cover every
18 purchase order you ever received from
19 Ringer Jeans?

20 MR. CASSELL: Note my objection
21 because he has no idea how many
22 purchase orders I sent to you.

23 MR. NASH: All right. You want
24 to put them up on the screen? I
25 assume you sent to me what he sent to

1 ALEX ZHAO

2 you.

3 MR. CASSELL: For the record what
4 I sent to you was in the file of the
5 prior attorney. They are presumably
6 purchase orders that were sent from
7 the client to counsel, correct.

8 MR. NASH: Corey, let's put them
9 up on the screen, if you could.

10 CONCIERGE: Do you want the first
11 purchase order on screen or just the
12 list of all of them? Because they are
13 all individual PDFs.

14 MR. NASH: Let's start with the
15 list.

16 BY MR. NASH:

17 Q. Mr. Zhao, do you see this list of
18 purchase orders?

19 A. Only the titles of the file.

20 Q. Do you see the titles of the
21 file?

22 A. Right.

23 Q. Did you create this list before
24 you gave it to Fishman?

25 A. I don't remember.

1 ALEX ZHAO

2 Q. Well, looking at that list, is
3 that a complete list of all the purchase
4 orders you received from Ringer Jeans?

5 MR. CASSELL: Objection to the
6 term list.

7 BY MR. NASH:

8 Q. Schedule, whatever you want to
9 call it.

10 A. I don't remember.

11 Q. Let's go to the first one, PO
12 728. Do you see this purchase order?

13 A. Yes.

14 Q. Can you identify this for me, Mr.
15 Zhao?

16 A. I don't think I can.

17 Q. Did Ringer Jeans produce this or
18 develop it or send it over to you?

19 A. This is PO I received. They are
20 all from Ringer Jeans.

21 Q. Is this a Ringer Jeans purchase
22 order or is this something you developed
23 internally from an order they gave you?
24 I'm trying to understand whose document
25 this is; is this your document or is this

1 ALEX ZHAO

2 how Ringer Jeans sent over the purchase
3 order to you?

4 A. All the POs by Ringer Jeans were
5 produce by Ringer Jeans.

6 Q. So they are the ones that wrote
7 this up and sent it to you?

8 A. Right.

9 Q. This first one, 728, that's to
10 Colortree US, Inc. Do you see that?

11 A. Right.

12 Q. What is Colortree US, Inc.?

13 A. My company in America.

14 Q. So your company in America, what
15 is the business of Colortree US, Inc.?

16 A. Clothing.

17 Q. What is the difference between
18 Colortree and Fashion Leaf?

19 A. Colortree has independent
20 business and the client is different.

21 Q. What type of business does
22 Colortree have?

23 A. Fashion.

24 Q. What do you mean Fashion?

25 A. Just clothes, fashion.

1 ALEX ZHAO

2 Q. Does it manufacture garments?

3 A. We are an American company, a
4 trading company, we don't manufacture.

5 Q. So why would you take a purchase
6 order to deliver goods to Ringer Jeans,
7 where would you get those goods?

8 A. What is your question again?

9 Q. Where did you get the goods?

10 A. Imported from China.

11 Q. Is this purchase order part of
12 the lawsuit? It's in the name of
13 Colortree, is it in the lawsuit of Fashion
14 Leaf's claims?

15 A. For everything the other party
16 did not pay, they are all included here.

17 Q. But Colortree is not a plaintiff
18 in the lawsuit, correct?

19 A. Right.

20 Q. So it shouldn't be part of this
21 lawsuit, is that correct, because it's not
22 a Fashion Leaf PO?

23 A. This also belongs to goods made
24 by Fashion Leaf.

25 Q. I don't understand. It's a PO to

1 ALEX ZHAO

2 Colortree. Do you have any evidence that
3 these goods were sold by Fashion Leaf to
4 Ringer Jeans?

5 A. Yes.

6 MR. NASH: I call for production
7 of those documents.

8 Q. These goods, do you have any
9 delivery ticket or shipping ticket to show
10 that these goods actually made it to the
11 United States?

12 A. Yes.

13 MR. NASH: I call for production
14 of those documents.

15 MR. CASSELL: Send your request
16 in writing but I do know the discovery
17 period has expired --

18 MR. NASH: I understand but you
19 didn't produce all your documents.
20 That's fine, if you don't want to
21 produce them we'll make a motion to
22 strike. You can do whatever you want.
23 But I'm going to call for production.
24 I'm sure we called for production of
25 them earlier, by the way.

1 ALEX ZHAO

2 MR. CASSELL: Put your demands in
3 writing --

4 BY MR. NASH:

5 Q. PO 730, the next file. Close
6 this one out. What is the next one, 730.

7 Can you identify this document
8 for me, Mr. Zhao?

9 A. Yes.

10 Q. What is this, Mr. Zhao?

11 A. PO from if Ringer Jeans to
12 Fashion Leaf.

13 Q. And this was issued in March of
14 2018, do you see that?

15 A. Yes.

16 Q. When were the goods subject to
17 this PO actually received and shipped to
18 Ringer Jeans?

19 MR. CASSELL: Objection.

20 THE WITNESS: You are asking for
21 when (inaudible)?

22 Q. Exactly.

23 A. Those are on the appropriate
24 receipts. I mean, there is no way I can
25 remember those things.

1 ALEX ZHAO

2 Q. Do you have delivery or shipping
3 tickets or bills of lading, whatever you
4 call it, to establish the shipping of the
5 goods?

6 A. Yes.

7 Q. Now, the reason I ask you this is
8 because this is dated March of 2018. The
9 goods in dispute were delivered between
10 November 2018 and March 2019 so this
11 predates it by a significant amount of
12 months. So were these goods paid for?

13 A. Of course not, otherwise I
14 wouldn't have it here.

15 Q. Now, did you actually bill, did
16 you send out your own bill or invoice to
17 Ringer Jeans?

18 A. Yes, every time when delivery is
19 done, of course we would issue one.

20 Q. Did you produce your actual
21 invoices in discovery?

22 A. I don't remember.

23 MR. NASH: Mike, to the extent
24 you haven't produce that, if you have
25 produced it tell me when -- I know

1 ALEX ZHAO

2 it's not you, it's Fishman. If it's
3 not produced I call for production of
4 all the billing and invoices.

5 MR. CASSELL: Send me a written
6 demand.

7 MR. NASH: We're in the middle of
8 a deposition, but I did send a written
9 demand. This was definitely covered
10 in the written demand. None of this
11 stuff is Bates stamped and so forth.
12 So if it's been produced, indicate it
13 to me. And if it hasn't been produce,
14 please indicate.

15 MR. CASSELL: Send me a written
16 demand.

17 MR. NASH: I did, a long time
18 again. Fishman, before he died had a
19 demand. Believe me.

20 MR. CASSELL: I didn't see any
21 motion to compel and --

22 MR. NASH: There's no motion to
23 compel. I'm trying to figure out what
24 he produced and what he hasn't
25 produced.

1 ALEX ZHAO

2 Go to page 5 for me.

3 Q. Do you recognize that these are
4 the terms of the purchase orders that
5 Ringer Jeans sent to you, Mr. Zhao?

6 A. Yes.

7 BY MR. NASH:

8 Q. Now, you understand the terms
9 were that the samples must be received and
10 approved prior to the garment factory to
11 confirm shipment, acceptance and release;
12 did you understand that was one of the
13 terms of sale?

14 A. Yes.

15 Q. So you understood that approval
16 of the samples was part of the delivery
17 terms?

18 A. Yes.

19 Q. Did you also understand that it
20 was part of the delivery terms that there
21 would be a passing QC documentation and
22 accurate packing list must be submitted
23 prior to the finished goods unload,
24 overages, shortages, which exceed the
25 approved plus or minus 5 percent must be

1 ALEX ZHAO

2 approved, was that also part of this, that
3 you had to get approved quality control
4 documentation?

5 A. I know.

6 Q. Do you also see in the terms of
7 sale that Ringer Jeans reserved the right
8 to refuse goods and cancel shipment
9 without liability if the terms were not
10 met?

11 A. I understand. However, we met
12 the requirements because otherwise why
13 would Ringer Jeans accept it?

14 Q. Those goods were not shipped to
15 Ringer Jeans, they were shipped to a
16 warehouse; isn't that correct?

17 A. It's a Ringer Jeans designated
18 warehouse, as Ringer Jeans required to do.

19 Q. And you understood that was the
20 warehouse facility for TJ MAXX, correct?

21 A. I don't know that.

22 Q. When you say you don't know that,
23 didn't you in 2018 enter into a contract
24 to buy various assets from Ringer Jeans?

25 THE INTERPRETER: Can you repeat

1 ALEX ZHAO

2 that?

3 Q. In 2018 didn't you enter into a
4 contract to buy various assets from Ringer
5 Jeans?

6 A. I entered their shares, that's
7 not purchasing assets.

8 Q. Let's look at Exhibit 14, can we
9 do that? We'll come back to this.

10 Mr. Zhao, are you familiar with
11 Exhibit 14?

12 A. Yes.

13 Q. What is Exhibit 14?

14 A. The agreement for me to have
15 their shares.

16 Q. But it doesn't say that, Mr.
17 Zhao. It says this is an asset purchase
18 agreement and the assets are described as
19 purchase orders and sales orders. Do you
20 see that?

21 A. But we talked about --

22 Q. I'm not asking what you talked
23 about. I said do you see that this asset
24 purchase agreement covers sales orders and
25 purchase orders?

1 ALEX ZHAO

2 A. Yes.

3 Q. Now what sales orders and
4 purchase orders are meant by -- are
5 covered by this asset purchase agreement,
6 is it sales order and purchase orders
7 dealing with TJ MAXX?

8 MR. CASSELL: Objection.

9 Q. You can answer.

10 A. This is just what my buying their
11 shares is about.

12 Q. That's not what it says. There's
13 other agreements about shares but that's
14 not what this is about. Do you understand
15 this is an asset purchase agreement for
16 sales orders and purchase orders, Mr.
17 Zhao?

18 A. I didn't understand.

19 Q. Let's go to page 2, if we can,
20 where it says production. Very good.

21 Do you see Section 5, additional
22 obligations? Were you the exclusive
23 supplier, was Fashion Leaf the exclusive
24 supplier for Ringer Jeans pursuant to this
25 agreement?

1 ALEX ZHAO

2 MR. CASSELL: Objection.

3 A. That's what is written.

4 Q. Did you intend to be the
5 exclusive supplier for Ringer Jeans?

6 A. Yes.

7 Q. One of the requirements for being
8 the exclusive supplier, let's read the
9 next sentence, FLG which is Fashion Leaf
10 Garment, hereby agrees that it shall
11 follow the highest professional standards
12 in performing all production and
13 manufacturing services and that it's
14 price, quality and availability will be
15 equal or better than the current sourcing
16 team.

17 Do you see that?

18 MR. CASSELL: Objection.

19 A. Yes, I see it.

20 Q. Do you see that this covers the
21 production produced under the seller and
22 RJA, which is Ringer Jeans, license for
23 MAXX Jeans and do you see MAXX Jeans being
24 TJ MAXX?

25 MR. CASSELL: I can barely read

1 ALEX ZHAO

2 it on my screen and I have a pretty
3 large monitor.

4 MR. NASH: Make it a little
5 bigger.

6 MR. CASSELL: Thank you.

7 Q. It's in 5.11, the products
8 produced under seller and RJA licensed for
9 MAXX Jeans; do you see that? MAXX Jeans
10 is TJ MAXX, correct?

11 A. That's not the case.

12 Q. What is it?

13 A. MAXX Jeans is a brand, TJ MAXX is
14 a store.

15 Q. Absolutely. But the brand MAXX
16 Jeans is sold in the TJ MAXX store,
17 correct?

18 A. It's also sold elsewhere so you
19 cannot really say --

20 Q. It's branded merchandise, Mr.
21 Zhao. We're not going to play this game.
22 It's a MAXX branded label and it's sold at
23 TJ MAXX, correct?

24 MR. CASSELL: Objection to
25 playing a game. He answered your

1 ALEX ZHAO

2 question. It's his understanding it's
3 sold elsewhere.

4 Q. Where else is TJ MAXX branded
5 goods sold?

6 MR. CASSELL: Actually, MAXX Jean
7 is the product.

8 MR. NASH: Look it up. It's a TJ
9 MAXX label.

10 Q. Other than TJ MAXX where are MAXX
11 Jeans products sold?

12 A. I don't know that because Ringer
13 Jeans know that internally how many others
14 they sell to.

15 Q. Do you know one other store that
16 Ringer Jeans sells MAXX Jeans branded
17 products other than to its TJ MAXX-type
18 store?

19 A. Nordstrom Rack.

20 Q. Let's go to paragraph 4, above
21 it. Do you see where under this agreement
22 the purchaser which is your company
23 assumes and agrees to pay and perform any
24 and all liabilities incurred with respect
25 to the asset.

1 ALEX ZHAO

2 Do you see that?

3 A. Yes, I see it.

4 Q. So did you understand that under
5 this agreement you assumed all obligations
6 owed to TJ MAXX?

7 MR. CASSELL: Objection.

8 THE WITNESS: I didn't
9 understand.

10 Q. It says on or after the closing
11 date.

12 Was there a closing date on this
13 agreement?

14 A. I don't remember the date.

15 Q. Did you pay any money in
16 connection with this asset purchase
17 agreement?

18 A. Yes, partially.

19 Q. What money did you pay and when?

20 A. I paid money for me to have
21 shares. I don't remember the date.

22 Q. This is not the shares, this is
23 to buy the assets. So did you pay any
24 money under this asset purchase agreement?

25 A. I didn't pay for the assets, I

1 ALEX ZHAO

2 paid to buy shares.

3 MR. NASH: Let's go back to your
4 complaint, Exhibit 12, page 6. Can we
5 go there. Go to paragraph 17.

6 Q. Are you familiar with the
7 complaint that you filed, Mr. Zhao, in the
8 federal court?

9 A. No.

10 Q. Are you familiar with your own
11 lawsuit, Mr. Zhao?

12 A. I gave it to the lawyer to deal
13 with it.

14 Q. But do you know that you gave him
15 a purchase agreement that he has sued on,
16 are you aware of that, Mr. Zhao?

17 A. Yes.

18 Q. And that purchase agreement was
19 signed, correct?

20 A. Yes.

21 Q. And it says in the third line
22 that the purchase agreement covered
23 purchase orders and sales orders which are
24 defined as assets. Do you see that
25 paragraph 17, third line?

1 ALEX ZHAO

2 A. Yes.

3 Q. So according to your own
4 complaint, you did buy certain purchase
5 orders and sales orders; is that correct?
6 Or is your complaint wrong?

7 A. From the legal point of view, my
8 lawyer is dealing with this. But anyway,
9 the money, you know --

10 Q. That's not my question. So
11 answer my question. Is it correct as
12 stated in your complaint that you
13 purchased various purchase orders and
14 sales orders from Ringer Jeans? Or is
15 that an incorrect statement in the
16 complaint?

17 MR. CASSELL: Can the interpreter
18 finish the interpretation? You can
19 move to strike, but she didn't even
20 finish what she said.

21 MR. NASH: That wasn't my
22 question.

23 MR. CASSELL: But the answer
24 wasn't interpreted.

25 THE INTERPRETER: I didn't think

1 ALEX ZHAO

2 he was talking more.

3 MR. NASH: That's what I
4 understood also. So ask him my
5 question.

6 A. My understanding was that I
7 bought shares. The pecks (phonetic)
8 reflects counsel's understanding so I am
9 not refusing it.

10 Q. I want to know if there was an
11 asset purchase agreement and whether or
12 not you bought purchase orders and sales
13 orders for \$375,000. That's a factual
14 question, it's either a yes or no, so give
15 me that answer please.

16 A. Yes.

17 Q. You did buy purchase orders?

18 A. But I emphasize, yes, I agree
19 with what is written but my understanding
20 is I bought shares.

21 Q. So there is notion that you
22 bought purchase orders and sales orders
23 for 375,000; that's incorrect in your
24 mind?

25 MR. CASSELL: Objection.

1 ALEX ZHAO

2 THE WITNESS: 375,000 is correct.

3 Q. So you bought sales orders and
4 purchase orders for \$375,000?

5 A. I paid 375,000.

6 Q. What did you pay for?

7 A. To become a shareholder.

8 Q. Let's move on to something else.

9 MR. NASH: If we could go back to
10 that big exhibit that we've been
11 looking at. Let's go back to purchase
12 order 730 and 731. That's good.

13 Q. It says Fashion Leaf has a place
14 of business in Hong Kong; is that correct?

15 A. Yes.

16 Q. What offices are located in Hong
17 Kong?

18 A. The address is listed.

19 Q. What does Fashion Leaf have
20 there, a business office, what is that
21 location in Hong Kong?

22 A. It's a physical office.

23 Q. How many people work there?

24 A. It's an office for communication
25 so there is just four people.

1 ALEX ZHAO

2 Q. And the office in Nanjing, China,
3 how many people work there?

4 A. Twenty people.

5 Q. On PO 731, do you know what
6 factory produce produced those goods?

7 A. I don't remember now.

8 Q. I asked you to go back to check
9 your records. Did you check your records
10 as to what factories produced what goods?

11 MR. CASSELL: Objection. I think
12 he provided the factory information
13 later in his deposition.

14 MR. NASH: I know but he was
15 going to check as to which factories
16 produced which goods, that's my
17 recollection.

18 Q. Did you do that, Mr. Zhao?

19 A. We are only on money. It's not
20 something that can be done in such a short
21 timeframe. I would need more time to do
22 that.

23 Q. Fair enough. Let's go to PO 768.

24 Mr. Zhao, this is a PO to Aloha
25 Holding Corporation, it looks like in

1 ALEX ZHAO

2 Samoa. What does this have to do with
3 this lawsuit?

4 A. Part of this Fashion Leaf
5 produced the merchandise and also they
6 were not paid for.

7 Q. Who is Aloha Holding Corporation?

8 A. A friend's company.

9 Q. So it's not your company,
10 correct?

11 A. No, it's not mine.

12 Q. What is your friend's name?

13 A. L-I, and then first name,
14 Y-A-N-W-E-N.

15 Q. And where does Mr. Lee live?

16 A. In China.

17 Q. And he has a company in Samoa?

18 A. Yes, it's an oversees company.

19 Q. So it's the island of Samoa in
20 the Pacific?

21 A. I think so. It should be.

22 Q. Where is Aloha Holding
23 Corporation, what type of business is
24 that?

25 A. It's also a trading company.

1 ALEX ZHAO

2 Q. Other than Mr. Lee being your
3 friend, what is the relationship between
4 Aloha Holding Corporation and Fashion
5 Leaf?

6 A. Just this. There is no other
7 relationship.

8 Q. Is there an agreement where Aloha
9 assigned this purchase order to Fashion
10 Leaf?

11 A. Yes.

12 Q. Is that a written agreement?

13 A. Yes.

14 Q. Can you produce a copy of the
15 written agreement?

16 A. Yeah, I can go back.

17 Q. So Aloha has purchase orders 768,
18 which we have, 767 I think is the one
19 before that? Do you see that, Mr. Zhao?

20 A. Yes.

21 Q. Is there an assignment agreement
22 for purchase order 767?

23 A. Yes, I have.

24 Q. Go to PO 769. That's another
25 Aloha PO. Is there an assignment

1 ALEX ZHAO

2 agreement for 769?

3 A. Yes.

4 Q. How much did you pay for the
5 assignment of the purchase orders?

6 A. What do you mean, sorry.

7 Q. What do I mean? Did you pay any
8 money to Aloha Holding Corporation to get
9 rights to the purchase orders?

10 A. No.

11 Q. Why would Aloha give you an
12 assignment if you didn't pay any money?

13 A. When the PO was produced, the
14 items were not given yet were. Nobody
15 knew that Ringer Jeans would refuse to
16 pay.

17 Q. But why would a company -- did
18 Aloha actually manufacture these goods or
19 cause them to be manufactured by other
20 factories?

21 MR. CASSELL: Objection.

22 THE WITNESS: These were all
23 produced by Fashion Leaf.

24 BY MR. NASH:

25 Q. That's not my question. Who made

1 ALEX ZHAO

2 goods subject to these POs, was it Aloha
3 or Fashion Leaf?

4 A. Fashion Leaf.

5 Q. Did you ask is Mr. As rack to
6 issue a PO to Aloha because you wanted to
7 deal with quotas in China?

8 A. It's because Ringer Jeans's
9 credit is not enough.

10 Q. What do you mean it's not enough?
11 It's not enough for Aloha or not enough
12 for Fashion Leaf, what do you mean it's
13 not enough?

14 MR. CASSELL: Objection.

15 Q. What do you mean its credit is
16 not enough? Not enough for who, the
17 Chinese government?

18 A. The detail I don't remember the
19 detail reason but I thought it was agreed
20 upon and then it was done that way.

21 Q. What do you mean the detail
22 reason? It was your requirement that the
23 purchase order be issued to another
24 company.

25 A. That's not my sole decision; it's

1 ALEX ZHAO

2 a decision which was discussed and agreed
3 upon.

4 Q. Do you know what the word
5 circumvent means, Mr. Zhao?

6 MR. CASSELL: Objection.

7 Q. Do you know what it means?

8 A. Yes.

9 Q. What does it mean, Mr. Zhao?

10 MR. CASSELL: Objection.

11 Q. What does it mean?

12 A. I feel like for example your
13 style of question is a little bit like
14 circumvent.

15 Q. Really? So I'm evasive, Mr.
16 Zhao?

17 MR. CASSELL: Objection.

18 Q. So I'll get right to the point.
19 The multiple different purchase orders,
20 the different entities, what rules were
21 you trying to evade? Your lender's rules,
22 China's rules, import quota rules, what
23 were you trying to evade?

24 MR. CASSELL: Objection.

25 A. These POs were issued because

1 ALEX ZHAO

2 Ringer Jeans didn't have sufficient
3 credit.

4 Q. Sufficient credit, who set that
5 standard, your lenders, the Chinese
6 government, the import requirements, the
7 quotas, who set the standard of credit?

8 A. China import/export insurance
9 company.

10 Q. So the China import/export set
11 various standards. Ringer Jeans could not
12 buy all of its goods or couldn't issue PO
13 orders for all the goods so you had them
14 send PO orders to other companies that
15 were friendly to you; is that correct?

16 A. Yes.

17 Q. Let's look at PO 786. This is to
18 a company called Nanjing Yinghan Company.
19 Do you know that company?

20 A. Yes.

21 Q. Whose company is that?

22 A. It's mine.

23 Q. You're the owner of that company?

24 A. Yes.

25 Q. And so you asked Ringer Jeans to

1 ALEX ZHAO

2 issue POs to your other company called
3 Nanjing Yinghan Garment; is that correct?

4 A. Right.

5 Q. That was to avoid the
6 requirements of the China insurance
7 company?

8 A. Yes.

9 THE INTERPRETER: Counsel, give
10 me ten seconds. I have to open the
11 door.

12 MR. NASH: If you want to take a
13 two minute break? This let's come
14 back at 10:20.

15 (Off the record 10:14 p.m. to
16 10:23)

17 BY MR. NASH:

18 Q. Mr. Zhao, let's get back to it.
19 Now, you say you own the company Nanjing
20 Yinghan Garment; is that correct?

21 A. Yes.

22 Q. What is the business of that
23 company?

24 A. Fashion.

25 Q. What do you mean fashion, what

1 ALEX ZHAO

2 does it do?

3 A. Clothing.

4 Q. Does it make clothing, sell
5 clothing, import clothing, export
6 clothing, what type of clothing?

7 A. Export.

8 Q. How many employees does it have?

9 A. It's the same as Fashion Leaf,
10 it's just another name.

11 Q. Is it the same employees?

12 A. Right.

13 Q. It is the same address?

14 A. Different address.

15 Q. Does it have an actual business
16 office?

17 A. Yes.

18 Q. And does it have an actual
19 physical office?

20 A. Yes.

21 Q. Is this company registered with
22 the Chinese government?

23 A. Yes.

24 Q. Why did you use this company with
25 the Ringer Jeans production?

1 ALEX ZHAO

2 A. It's the same issue, Ringer
3 Jeans's credit.

4 Q. So you used it to circumvent the
5 Chinese government's insurance
6 requirements, correct?

7 MR. CASSELL: Objection.

8 THE WITNESS: Right.

9 Q. Now, what are the penalties if
10 you get caught circumventing the Chinese
11 requirements?

12 A. But this is not like evading --

13 Q. It sounds like evading to me but
14 what happens when you get caught doing
15 this?

16 MR. CASSELL: Objection. I don't
17 think he finished his answer.

18 THE INTERPRETER: So the later
19 part he said utilizing the rules.

20 Q. How is it utilizing the rules?

21 A. Because with two companies you
22 can increase the credit.

23 Q. But it's the same employee so if
24 this was brought to the attention of the
25 Chinese authorities, you don't think there

1 ALEX ZHAO

2 would be any repercussions?

3 MR. CASSELL: Objection. He
4 doesn't have to answer that. You are
5 asking him to testify as to the
6 mindset of Chinese authorities?

7 Q. You don't mind me inquiring of
8 the Chinese authorities whether this
9 violates any regulations?

10 MR. CASSELL: Objection. Is that
11 a question or a threat?

12 MR. NASH: It's not threat. I'm
13 asking him, he says it's within the
14 rules. I doubt it.

15 Q. If I make inquiry, you don't have
16 any problem with that, correct?

17 MR. CASSELL: (Inaudible)
18 company's invoices.

19 MR. NASH: It's okay. We're not
20 in China, he is.

21 THE INTERPRETER: I haven't
22 finished the question.

23 A. Yes.

24 Q. Yes what?

25 THE INTERPRETER: By interpreter,

1 ALEX ZHAO

2 I thought your question was can
3 counsel go inquire with the authority
4 in China.

5 Q. And the answer is I can?

6 A. Yes.

7 Q. Did Nanjing Yinghan Garment enter
8 into an assignment agreement with Fashion
9 Leaf?

10 A. Yes.

11 MR. NASH: I call for production
12 of all those assignment agreements.

13 MR. CASSELL: Put it in writing.

14 MR. NASH: It has been put in
15 writing in the original request, but
16 when we get the transcript I'll
17 reenforce that request.

18 MR. CASSELL: Thank you.

19 MR. NASH: Let's go to PO 820.

20 Q. Now, this is to New Age Branding;
21 is that your company?

22 A. No.

23 Q. Whose company is New Age
24 Branding?

25 A. I think it's Ringer Jeans'.

1 ALEX ZHAO

2 Q. Did Fashion Leaf do production
3 for New Age Branding?

4 A. Yes.

5 Q. Did you get a PO from New Age
6 Branding to Fashion Leaf?

7 A. Yes.

8 Q. That hasn't been produced so I
9 call for production of all POs that
10 Fashion Leaf or any of its friendly
11 companies received from New Age Branding,
12 okay?

13 A. Okay.

14 MR. NASH: Can you scroll down a
15 little bit. There is this type of
16 purchase order. I think it's one of
17 the last document, if you can go to
18 that directory.

19 Q. You see this purchase order, 883?
20 Do you recognize this?

21 A. Yes.

22 Q. Why is this form of purchase
23 order different from the others, is this
24 the one that's actually generated by
25 Ringer Jeans and the others are generated

1 ALEX ZHAO

2 by you?

3 A. It's a different template so you
4 have to ask Ringer Jeans's why.

5 Q. Did you get this from Ringer
6 Jeans?

7 A. Yes.

8 Q. Was this purchase order filled?

9 A. Yes.

10 Q. Do you know what factory the
11 goods were made, where they were made?

12 A. Because there is too many POs. I
13 have to keep checking.

14 Q. Let's look at Exhibit 21. We are
15 done with this stuff.

16 Do you recognize this document,
17 Mr. Zhao?

18 MR. CASSELL: Note my objection.
19 You are showing him one page of a
20 37-page document. He can answer,
21 that's fine. I just want to note for
22 the record.

23 A. I don't remember what this is.

24 Q. Are you familiar with Ringer
25 Jeans Apparel, LLC?

1 ALEX ZHAO

2 A. I only know Ringer Jeans.

3 Q. You signed an agreement, go to
4 the last page, page 31. Is that your
5 signature, Mr. Zhao?

6 A. Yes.

7 Q. So you signed this operating
8 agreement for Ringer Jeans Apparel, LLC?

9 A. Yes.

10 Q. And what is the difference
11 between Ringer Jeans Apparel LLC and
12 Ringer Jeans?

13 A. I didn't notice before. You have
14 to ask Ringer Jeans.

15 Q. I'm asking you. You signed this
16 agreement. You became a member. You
17 didn't know what you were becoming a
18 member in?

19 MR. CASSELL: Objection.

20 A. I know I'm a member.

21 Q. So you're a member of Ringer
22 Jeans Apparel; is that correct?

23 A. Right.

24 Q. And you are not a member of
25 Ringer Jeans; is that correct?

1 ALEX ZHAO

2 MR. CASSELL: Objection.

3 THE WITNESS: When I signed I
4 really didn't notice the difference
5 between the two.

6 Q. Did you have a lawyer?

7 A. Yes.

8 Q. Who is your lawyer?

9 A. Bernie Fishman.

10 Q. If you could, go to the next
11 page. It says CTR Holdings. That's your
12 company?

13 A. Yes.

14 Q. It said it started with a one
15 percent interest. Do you see that?

16 A. Yes.

17 Q. What is your percent interest
18 today?

19 A. I don't know.

20 Q. Go to page 24, go up a little
21 bit. Right there where it says CTR
22 purchases; do you see that?

23 A. Yes.

24 Q. This section of the agreement,
25 it's kind of misnumbered but it says CTR,

1 ALEX ZHAO

2 your company, is permitted to make
3 purchases commencing on March 1, 2018 and
4 on the 15th calendar day of each month
5 thereafter; do you see that?

6 A. Yes.

7 Q. Did CTR make purchases of
8 additional membership interest?

9 A. No.

10 Q. So you only have one percent, you
11 didn't buy anymore interest?

12 A. I don't remember exactly how much
13 it was.

14 Q. Do you have records on how much
15 you paid to buy interest in Ringer Jeans
16 Apparel?

17 A. I have to go find the records.

18 Q. Because under this agreement, you
19 were required to buy additional shares
20 every month until you reach 50 percent.
21 Did you do that?

22 MR. CASSELL: Objection.

23 A. I stopped it.

24 Q. So when did you start it and when
25 did you stop it?

1 ALEX ZHAO

2 A. I have to look up the date, I
3 don't remember.

4 Q. But you never reached 50 percent,
5 correct?

6 A. Right.

7 Q. Let's go to page 4, all the way
8 up again, page 4. 1.9, do you see the
9 definition of CTR purchases?

10 A. Yes.

11 Q. It says the purchase price is
12 \$75,000 for each 2.5 percent unit purchase
13 of class A membership.

14 Do you see that?

15 A. Yes.

16 Q. So how many of the units did you
17 actually buy?

18 A. 375,000.

19 Q. So 375 would be at 75,000 a
20 piece?

21 THE INTERPRETER: By interpreter,
22 he said \$375,000.

23 MR. NASH: I'm doing the math.

24 So if it's 75,000 for each 2.5 so 375
25 would be --

1 ALEX ZHAO

2 MR. CASSELL: 12.5.

3 Q. So you say you own 12.5 percent
4 interest?

5 A. Right.

6 Q. You never completed the
7 transaction by buying 50 percent; is that
8 correct?

9 A. I terminated it.

10 Q. And you never actually
11 consummated the asset purchase agreement
12 attached to the complaint?

13 A. Right.

14 MR. NASH: Let's go to Exhibit
15 12. This will be the last exhibit.
16 Can you go to last exhibit, please?

17 Q. Mr. Zhao do you see this?

18 A. Yes.

19 Q. What are these things?

20 A. I don't know.

21 Q. Are these inspection reports of
22 the garments?

23 A. That's what it looks like.

24 Q. Do you have any knowledge about
25 these documents?

1 ALEX ZHAO

2 A. I don't remember them.

3 Q. But somebody in your organization
4 prepared these inspection reports?

5 A. Right, yes.

6 Q. Do you know who that was?

7 A. But everybody who did one report
8 could be different from the next one so I
9 have to check.

10 Q. Please check. I'm curious as to
11 the result where it says pass. What does
12 that mean?

13 A. So according to the AQL 2.5
14 national standard.

15 Q. So if it has major defects and
16 minor defects, why would you give it a
17 passing grade?

18 A. Because it's the international
19 standard does have a requirement major
20 versus minor and these are within the
21 accepted limit.

22 Q. When does it become unacceptable
23 to have major defects? I would think any
24 major defects would be unacceptable. When
25 does it become acceptable?

1 ALEX ZHAO

2 A. If it's above 10 major.

3 Q. 10 out of how many? 10 out of
4 10, 10 out of 20, 10 out of 100; how many?

5 A. The reasons QR 2.5 so they track
6 250 pieces so here you see the sample, the
7 five is discovered within the 250.

8 Q. It says 200 pieces here, not 250.

9 A. It says as 245 to 200.

10 Q. How many pieces were actually
11 inspected?

12 A. If it's above 200 pieces then AQL
13 2.5 applies.

14 Q. Where in the purchase order does
15 it say the AQL 2.5 applies?

16 A. It's international standard so
17 you don't need to write it, everybody
18 knows it's a standard.

19 Q. Do you have anything in writing
20 between you and Ringer Jeans where a,
21 quote, standard would apply where they
22 would accept major defects?

23 MR. CASSELL: Objection.

24 A. For every inspection report we
25 send to Ringer Jeans only if they accept,

1 ALEX ZHAO

2 they will accept the goods.

3 Q. Do you have any proof that you
4 sent these Fashion Leaf inspection reports
5 to Ringer Jeans?

6 A. Yes.

7 MR. NASH: I call for production
8 of that proof.

9 Q. When did you send those
10 inspection reports?

11 A. I don't remember the time.

12 Q. What is the difference between a
13 major defects and a minor defect?

14 A. For every style there is
15 requirement. If you want, I can send
16 those to you.

17 Q. I'm asking what is the difference
18 between a major defect and a minor defect?

19 A. Major are visible, which you can
20 see easily on the surface. For the minor
21 ones, maybe less visible that you may not
22 be able to see.

23 Q. Who makes the determination of
24 major or minor, you?

25 A. It's not done by me. We do it

1 ALEX ZHAO

2 according to the standard.

3 Q. But who does it, is it an
4 internal determination? Who makes that
5 determination? Does someone at your
6 company make that determination, whether
7 it's visible or not?

8 A. Our QC did it according to the
9 AQL standard.

10 Q. Who was the person that did it?

11 MR. CASSELL: Objection.

12 A. I have to check who specifically
13 did this one.

14 Q. Please check on all the you
15 Fashion Leaf reports, who made the
16 assessment.

17 Last question: The rate column
18 is empty. Why is that?

19 A. If an item passes, this is empty.

20 Q. How many items passed to make it
21 empty? It doesn't indicate any number.
22 How many items passed if there is no
23 number indicated in the rate column?

24 MR. CASSELL: Objection.

25 THE WITNESS: If you look at the

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25

ALEX ZHAO

accept row, it is within the limit,
that column is empty. If it's above,
then there would be a rate.

MR. NASH: I have no further
questions at this time. I do have
some outstanding document request.
When I get the transcript, Mike, I
will send them to you. Vincent, do
you have any questions.

MR. FILARDO: No, I don't have
anything.

MR. NASH: Thank you everybody.

[Time Noted: 11:02 P.M.]

ALEX ZHAO

Subscribed and sworn to
before me this ____ day
of _____, 20 .

Notary Public

CERTIFICATE

STATE OF NEW YORK)
: SS.:
COUNTY OF ORANGE)

I, SANDRA NOEL BARTELS, a Notary
Public for and within the State of New
York, do hereby certify:

That the witness whose
examination is hereinbefore set forth was
duly sworn and that such examination is a
true record of the testimony given by that
witness.

I further certify that I am not
related to any of the parties to this
action by blood or by marriage and that I
am in no way interested in the outcome of
this matter.

IN WITNESS WHEREOF, I have
hereunto set my hand this 24th day of
October 2022.

Sandra N. Bartels

SANDRA NOEL BARTELS

*** ERRATA SHEET ***

NAME OF CASE: FASHION LEAF V RINGER JEANS

DATE OF DEPOSITION: OCTOBER 10, 2022

WITNESS: ALEX ZHAO

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ALEX ZHAO

Witness and sworn to before me

this ____ day of _____, 2022.

(Notary Public)

My Commission Expires:

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3

WITNESS	EXAMINATION BY	PAGE
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A. ZHAO	MR. NASH	3
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----- EXHIBITS -----

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[& - american]

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

DISCLAIMER: THE FOREGOING FEDERAL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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